PCMA

March 2nd, 2017

Insurance and Real Estate Committee
Legislative Office Building, Room 2800
Hartford, CT 06106

Re: Opposition to CT HB 7123 – "An Act Limiting Changes to Health Insurers' Prescription Drug Formularies"

Dear Members of the Insurance and Real Estate Committee:

The Pharmaceutical Care Management Association ("PCMA") is submitting the following comments in opposition to HB 7123, "An Act Limiting Changes to Health Insurers' Prescription Drug Formularies." PCMA is the national trade association representing America's pharmacy benefit managers ("PBMs"), which administer prescription drug plans for more than 266 million Americans with health coverage provided through Fortune 500 employers, health insurance plans, labor unions, and Medicare Part D.

HB 7213 as drafted limits drug formulary changes to once a year and mandates coverage of certain pharmaceutical drugs that an insured was using prior to the removal or cessation of coverage or that their health care provider states in writing that the drug is medically necessary. The legislation also prevents the PBM from placing drugs in a higher cost sharing tier or removing the drug from the formulary unless the Food and Drug Administration (FDA) has determined to be no longer safe or effective.

Limiting a payer to a one-time-per-year formulary updates encourages drug manufacturers to increase prices, knowing that the consumer will be insulated from the price increase, while health insurers absorb the cost and premiums increase. Currently, there is no similar federal requirement on other health care benefits that must be provided without changes over the course of a plan year. Additionally, mid-year formulary changes are allowed in the Medicare Part D program.

If specific drugs are mandated to be covered by health insurers, union and Taft-Hartley plans, or any other employer-sponsored plan, brand drug manufacturers have no incentive to provide price concessions on their drugs to make them more affordable for patients. Market forces to drive down the cost of drugs will be greatly delayed.

Under this legislation, health insurers and PBMs would not be able to quickly adjust coverage as evidence shows serious safety problems. For example, some health insurers covering Vioxx, thereby protecting their enrollees, well before the FDA acted on reports that the drug resulted in

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serious, even fatal, cardiac problems. Additionally, if a patient needs to access a non-formulary drug, health plans and PBMs have in place appeals processes for patients to request coverage. The health insurer or PBM works with a patient and his or her provider to provide access to non-formulary drugs where medically necessary and/or likely to create the best outcome.

HB 7123 will raise prescription drug costs for consumers, employers and health plans. It removes important tools that PBMs use to delivery high quality health care. Rather than protecting patients, 'frozen formulary' bills such as HB 7123 primarily increase costs.

Thank you for your consideration and please let us know if we can provide you with any other information.

Sincerely,

Melodie Shrader
Senior Director, State Affairs

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